

FIRST REGULAR SESSION

# HOUSE BILL NO. 1085

## 99TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE WALKER (3).

2168H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 169.460, 169.471, and 169.490, RSMo, and to enact in lieu thereof three new sections relating to the public school retirement system of the City of St. Louis.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 169.460, 169.471, and 169.490, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 169.460, 169.471, and 169.490, to read as follows:

169.460. 1. Any member may retire and receive a normal pension upon his **or her** written application to the board of trustees setting forth at what time not less than fifteen days nor more than one hundred eighty days subsequent to the execution and filing of such application he **or she** desires to be retired; provided:

(1) **For any member hired prior to January 1, 2018**, that the member at the time so specified for his **or her** retirement either (a) shall have attained age sixty-five or (b) shall have attained an age which when added to the number of years of credited service of such member shall total a sum not less than eighty-five; **and**

(2) **For any member hired for the first time on or after January 1, 2018, or any member hired prior to January 1, 2018, electing to retire under this provision, that the member at the time so specified for his or her retirement either (a) shall have attained age sixty-two or (b) shall have attained age fifty-five and an age which when added to the number of years of credited service of such member shall total a sum not less than eighty.**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 For purposes of computing any member's age under this section, the board shall, if necessary,  
16 add to his **or her** actual age any accumulated and unused days of sick leave included in his **or**  
17 **her** credited service.

18 2. Upon retirement pursuant to subsection 1 of this section, a member shall receive an  
19 annual pension payable in monthly installments **in the following manner:**

20 **(1) A member hired prior to January 1, 2018, shall receive an annual pension**  
21 **payable in monthly installments** equal to his **or her** number of years of credited service  
22 multiplied by two percent of his **or her** average final compensation subject to a maximum  
23 pension of sixty percent of his **or her** average final compensation;

24 **(2) A member hired for the first time on or after January 1, 2018, shall receive an**  
25 **annual pension payable in monthly installments equal to his or her number of years of**  
26 **credited service multiplied by one and three-fourths percent of such member's average**  
27 **final compensation subject to a maximum pension of sixty percent of the member's average**  
28 **final compensation; or**

29 **(3) A member who earned credited service prior to January 1, 2018, and who**  
30 **earned credited service on or after January 1, 2018, electing to retire under subdivision (2)**  
31 **of subsection 1 of this section shall receive an annual pension payable in monthly**  
32 **installments. Such election to retire under subdivision (2) of subsection 1 of this section**  
33 **shall be made before January 1, 2019; except that, a member who makes such election shall**  
34 **not be required to retire at that time. The annual pension payable in monthly installments**  
35 **shall be the sum of the following partial monthly installments, subject to a maximum**  
36 **pension of sixty percent of the member's average final compensation:**

37 **(a) For credited service earned prior to January 1, 2018, the member's partial**  
38 **monthly installment shall be equal to his or her number of years of credited service**  
39 **multiplied by two percent of the member's average final compensation; and**

40 **(b) For credited service earned on or after January 1, 2018, the partial monthly**  
41 **installment shall be equal to his or her number of years of credited service multiplied by**  
42 **one and three-fourths percent of such member's average final compensation.**

43 3. A member who is not eligible for normal pension pursuant to subsection 1 of this  
44 section but who has attained age sixty and has five or more years of credited service may make  
45 application in the same manner as pursuant to subsection 1 of this section for an early pension.  
46 His **or her** early pension shall be computed pursuant to subsection 2 of this section, but shall be  
47 reduced by five-ninths of one percent for each month such member's early retirement date  
48 precedes the earliest date he **or she** could have received a normal pension pursuant to subsection  
49 1 of this section had his **or her** service continued.

50           4. Upon the written application of the member or of the employing board, any active  
51 member who has five or more years of credited service with such board and does not qualify for  
52 a normal pension pursuant to subsection 1 of this section may be retired by the board of trustees,  
53 not less than fifteen days and not more than one hundred eighty days next following the date of  
54 filing such application, and receive a disability pension, provided, that the medical board after  
55 a medical examination of such member or such member's medical records shall certify that such  
56 member is unable to further perform his **or her** duties due to mental or physical incapacity, and  
57 that such incapacity is likely to be permanent and that such member should be retired; or,  
58 provided the member furnishes evidence of the receipt of disability benefits under the federal Old  
59 Age, Survivors and Disability Insurance System of the Social Security Act. The determination  
60 of the board of trustees in the matter shall be final and conclusive. A member being retired  
61 pursuant to this subsection who has accumulated unused vacation and sick leave may elect to  
62 have the commencement of his **or her** disability pension deferred for more than one hundred  
63 eighty days during the period he **or she** is entitled to vacation and sick pay.

64           5. Upon retirement for disability, a member shall receive a disability pension until such  
65 time as he **or she** meets the requirements for a normal pension pursuant to subsection 1 of this  
66 section, at which time his **or her** disability pension will be deemed to be a normal pension. The  
67 member's disability pension shall be the larger of:

68           (1) A normal pension based on his **or her** credited service to the date of his **or her**  
69 retirement for disability and calculated as if he **or she** were age sixty-five; or

70           (2) One-fourth of his **or her** average final compensation; except that such benefit shall  
71 not exceed the normal pension which he **or she** would have received upon retirement if his **or**  
72 **her** service had continued and he **or she** had satisfied the eligibility requirements of subsection  
73 1 of this section and had his **or her** final average compensation been unchanged.

74           6. Once each year during the first five years following retirement for disability and once  
75 in every three-year period thereafter while receiving a disability pension, the board of trustees  
76 may, and shall, require any member receiving a disability pension who has not yet become  
77 eligible for a normal pension pursuant to subsection 1 of this section to undergo a medical  
78 examination at a place designated by the medical board or by a physician or physicians  
79 designated by such board. If any such member receiving a disability pension refuses to submit  
80 to such medical examination, his **or her** benefit may be discontinued until his **or her** withdrawal  
81 of such refusal, and if his **or her** refusal continues for one year, all rights in and to his **or her**  
82 pension may be revoked by the board of trustees.

83           7. If the board of trustees finds that any member receiving a disability pension is engaged  
84 in or is able to engage in a gainful occupation paying more than the difference between his **or**  
85 **her** disability pension plus benefits, if any, to which he **or she** and his **or her** family are eligible

86 under the federal Old Age, Survivors and Disability Insurance System of the Social Security Act  
87 and the current rate of monthly compensation for the position he **or she** held at retirement, then  
88 the amount of his **or her** disability pension shall be reduced to an amount which together with  
89 the amount earnable by him **or her** shall equal such current rate of monthly compensation. The  
90 decisions of the board of trustees in regard to such modification of disability benefits shall be  
91 final and conclusive.

92 8. If any member receiving a disability pension is restored to service as an employee, he  
93 **or she** shall again become an active member of the retirement system and contribute thereunder.  
94 His **or her** credited service at the time of his **or her** retirement for disability shall be restored and  
95 the excess of his **or her** accumulated contributions at his **or her** retirement for disability over  
96 the total disability pension payments which he **or she** received shall be credited to his **or her**  
97 account.

98 9. If a member with fewer than five years credited service ceases to be an employee,  
99 except by death, he **or she** shall be paid the amount of his **or her** accumulated contributions in  
100 accordance with applicable provisions of the Internal Revenue Code.

101 10. If a member with five years or more credited service ceases to be an employee,  
102 except by death or retirement, he **or she** shall be paid on demand the amount of his **or her**  
103 accumulated contributions, or he **or she** may leave his **or her** accumulated contributions with  
104 the retirement system and be an inactive member and claim a retirement benefit at any time after  
105 he **or she** reaches the minimum age for retirement, except that if such a member's accumulated  
106 contributions do not exceed the involuntary distribution limits under provisions of the Internal  
107 Revenue Code, the member must elect to become an inactive member within thirty days of  
108 employment separation to avoid application of the involuntary distribution provisions of the  
109 Internal Revenue Code. When an inactive member presents his **or her** valid claim to the board  
110 of trustees, he **or she** shall be granted a benefit at such time and for such amount as is available  
111 pursuant to subsection 2 or 3 of this section in accordance with the provisions of law in effect  
112 at the time his **or her** active membership ceased. The accumulated contributions of an inactive  
113 member may be withdrawn at any time upon ninety days' notice or such shorter notice as is  
114 approved by the board of trustees. If an inactive member dies before retirement, his **or her**  
115 accumulated contributions shall be paid to his **or her** designated beneficiary, if living, otherwise  
116 to the estate of the member. A member's accumulated contributions shall not be paid to him **or**  
117 **her** so long as he **or she** remains in service as an employee.

118 11. Any member upon retirement shall receive his **or her** pension payable throughout  
119 life subject to the provision that if his **or her** death occurs before he **or she** has received total  
120 benefits at least as large as his **or her** accumulated contributions at retirement, the difference

121 shall be paid in one sum to his **or her** designated beneficiary, if living, otherwise to the estate  
122 of the retired member.

123 12. Prior to the date of retirement pursuant to subsection 2, 3, or 4 of this section, a  
124 member may elect to receive the actuarial equivalent of his **or her** pension in a lesser amount,  
125 payable throughout life under one of the following options with the provision that:

126 Option 1. Upon his **or her** death, his **or her** pension shall be continued throughout the  
127 life of and paid to his **or her** beneficiary, or

128 Option 2. Upon his **or her** death, one-half of his **or her** pension shall be continued  
129 throughout the life of and paid to his **or her** beneficiary, or

130 Option 3. Upon his **or her** death, his **or her** pension shall be continued throughout the  
131 life of and paid to his **or her** beneficiary, provided that in the event his **or her** designated  
132 beneficiary predeceases him **or her**, then his **or her** pension shall be adjusted effective the first  
133 day of the month following the month in which his **or her** designated beneficiary died to the  
134 amount determined pursuant to subsection 2 or 3 of this section at the time of his **or her**  
135 retirement, or

136 Option 4. Upon his **or her** death, one-half of his **or her** pension shall be continued  
137 throughout the life of and paid to his **or her** beneficiary, provided that in the event his **or her**  
138 designated beneficiary predeceases him **or her**, then his **or her** pension shall be adjusted  
139 effective the first day of the month following the month in which his **or her** designated  
140 beneficiary died to the amount determined pursuant to subsection 2 or 3 of this section at the  
141 time of his **or her** retirement.

142 Option 5. Prior to age sixty-two the member will receive an increased pension, where  
143 the total pension prior to age sixty-two is approximately equal to the pension after age sixty-two  
144 plus the member's estimated federal Social Security benefit, provided that the reduced pension  
145 after age sixty-two is not less than one-half the pension the member could have received had no  
146 option been elected. A member may elect a combination of Option 1 and Option 5, or Option 2  
147 and Option 5. The survivor benefits payable to a beneficiary, other than the spouse of the retired  
148 member, under any of the foregoing options shall in no event exceed fifty percent of the actuarial  
149 equivalent of the pension determined pursuant to subsection 2 or 3 of this section at the time of  
150 retirement.

151 13. If an option has been elected pursuant to subsection 12 of this section, and both the  
152 retired member and beneficiary die before receiving total benefits as large as the member's  
153 accumulated contributions at retirement, the difference shall be paid to the designated beneficiary  
154 of the person last entitled to benefits, if living, otherwise to the estate of the person last entitled  
155 to benefits.

14. If an active member dies while an employee and with five or more years of credited service and a dependent of the member is designated as beneficiary to receive his **or her** accumulated contributions, such beneficiary may, in lieu thereof, request that benefits be paid under option 1, subsection 12 of this section, as if the member had attained age sixty, if the member was less than sixty years of age at the time of his **or her** death, and had retired under such option as of the date of death, provided that under the same circumstances a member may provide by written designation that benefits must be paid pursuant to option 1 to such beneficiary. In addition to benefits received under option 1, subsection 12 of this section, a surviving spouse receiving benefits under this subsection shall receive sixty dollars per month for each unmarried dependent child of the deceased member who is under twenty-two years of age and is in the care of the surviving spouse; provided, that if there are more than three such unmarried dependent children one hundred eighty dollars shall be divided equally among them. A "dependent beneficiary" for the purpose of this subsection only shall mean either the surviving spouse or a person who at the time of the death of the member was receiving at least one-half of his **or her** support from the member, and the determination of the board of trustees as to whether a person is a dependent shall be final.

15. In lieu of accepting the payment of the accumulated contributions of a member who dies after having at least eighteen months of credited service and while an employee, an eligible beneficiary or, if no surviving eligible beneficiary, the unmarried dependent children of the member under twenty-two years of age may elect to receive the benefits pursuant to subdivision (1), (2), (3), or (4) of this subsection. An "eligible beneficiary" is the surviving spouse, unmarried dependent children under twenty-two years of age or dependent parents of the member, if designated as beneficiary. A "dependent" is one receiving at least one-half of his **or her** support from the member at his **or her** death.

(1) A surviving spouse who is sixty-two years of age at the death of the member or upon becoming such age thereafter, and who was married to the member at least one year, may receive sixty dollars per month for life. A spouse may receive this benefit after receiving benefits pursuant to subdivision (2) of this subsection;

(2) A surviving spouse who has in his or her care an unmarried dependent child of the deceased member under twenty-two years of age may receive sixty dollars per month plus sixty dollars per month for each child under twenty-two years of age but not more than a total of two hundred forty dollars per month;

(3) If no benefits are payable pursuant to subdivision (2) of this subsection, unmarried dependent children under the age of twenty-two may receive sixty dollars each per month; provided that if there are more than three such children one hundred eighty dollars per month shall be divided equally among them;

192 (4) A dependent parent upon attaining sixty-two years of age may receive sixty dollars  
193 per month as long as not remarried provided no benefits are payable at any time pursuant to  
194 subdivision (1), (2), or (3) of this subsection. If there are two dependent parents entitled to  
195 benefits, sixty dollars per month shall be divided equally between them;

196 (5) If the benefits pursuant to this subsection are elected and the total amount paid is less  
197 than an amount equal to the accumulated contributions of a member at his **or her** death, the  
198 difference shall be payable to the beneficiary or the estate of the beneficiary last entitled to  
199 benefits.

200 16. If a member receiving a normal pension again becomes an active member, his **or her**  
201 pension benefit payments shall cease during such membership and shall be resumed upon  
202 subsequent retirement together with such pension benefit as shall accrue by reason of his **or her**  
203 latest period of membership. Except as otherwise provided in section 105.269, a retired member  
204 may not receive a pension benefit for any month for which he **or she** receives compensation from  
205 an employing board, except he **or she** may serve as a part-time or temporary employee for not  
206 to exceed sixty days in any calendar year without becoming a member and without having his  
207 **or her** pension benefit discontinued. A retired member may also serve as a member of the board  
208 of trustees and receive any reimbursement for expenses allowed him **or her** because of such  
209 service without becoming an active member and without having his **or her** pension benefit  
210 discontinued or reduced.

211 17. Upon approval of the board of trustees, any member may make contributions in  
212 addition to those required. Any additional contributions shall be accumulated at interest and paid  
213 in addition to the benefits provided hereunder. The board of trustees shall make such rules and  
214 regulations as it deems appropriate in connection with additional contributions including  
215 limitations on amounts of contributions and methods of payment of benefits.

216 18. Notwithstanding any other provisions of this section, any member retiring on or after  
217 age sixty-five who has five or more years of credited service shall be entitled to an annual  
218 pension of the lesser of (a) an amount equal to his **or her** number of years of credited service  
219 multiplied by one hundred twenty dollars, or (b) one thousand eight hundred dollars. Upon the  
220 death of such member, any benefits payable to the beneficiary of such member shall be computed  
221 as otherwise provided.

169.471. 1. The board of education is authorized from time to time, in its discretion, to  
2 increase the retirement benefits now or hereafter provided pursuant to sections 169.410 to  
3 169.540 and to adopt and implement additional retirement benefits and plans, including without  
4 limitation early retirement plans, deferred retirement option plans and cost-of-living adjustments,  
5 but excluding compensation to retired members pursuant to section 169.475, and for such

6 purpose the contribution rate of members of the retirement system may be increased to provide  
7 part of the cost thereof, subject to the following conditions:

8 (1) Any such increase in retirement benefits and additional retirement benefits and plans  
9 shall be approved by the board of trustees;

10 (2) The board of trustees shall have presented to the board of education the projected  
11 increases in rates of contribution which will be required to be made by members and the board  
12 of education to the retirement system to pay the cost of such increases in retirement benefits and  
13 additional retirement benefits and plans; and

14 (3) Any increase in the contribution rate of members of the retirement system shall be  
15 approved by the board of trustees and shall be deducted from the compensation of each member  
16 by the employing board and transferred and credited to the individual account of each member  
17 from whose compensation the deduction was made, and shall be administered in accordance with  
18 sections 169.410 to 169.540; provided that, any such increase in the members' contribution rate  
19 shall not exceed one-half of one percent of compensation in any year for such increases to  
20 retirement benefits and additional retirement benefits and plans adopted during such year by the  
21 board of education pursuant to this section, and all such increases in the members' contribution  
22 rate shall, in the aggregate, not exceed two percent of compensation.

23 2. The board of trustees is authorized from time to time, in its discretion, to increase the  
24 retirement benefits, now or hereinafter provided under sections 169.410 to 169.540, and to adopt  
25 and implement additional retirement benefits for persons who have retired, ~~[including~~  
26 ~~cost-of-living-adjustments,]~~ provided that the board of trustees finds the additional benefit will  
27 not require an increase in the contribution rate required by the members, will not increase the  
28 contribution required from the board of education, and is actuarially sound. In the event the  
29 board of trustees authorizes an increase under this section, it shall certify in writing to the board  
30 of education the findings, including but not limited to all actuarial assumptions, upon which the  
31 board of trustees determined that the increase in benefits would result in no increase in  
32 contributions by members or the board of education.

33 **3. Beginning August 28, 2017, if the board of trustees determines that the cost of**  
34 **living, as measured by generally accepted standards, increases less than two percent in the**  
35 **preceding fiscal year, the board shall increase the retirement allowances that the retired**  
36 **members or beneficiaries are receiving by the percentage increase in the cost of living. If**  
37 **the board of trustees determines that the cost of living, as measured by generally accepted**  
38 **standards, increases two percent or more in the preceding fiscal year, the board shall**  
39 **increase the retirement allowances that the retired members or beneficiaries are receiving**  
40 **by two percent of the amount being received by the retired member or the beneficiary at**  
41 **the time the annual increase is granted by the board. The total of the increases granted to**

42 **a retired member or the beneficiary shall not exceed eighty percent of the retirement**  
43 **allowance established at retirement or as previously adjusted by other subsections. Any**  
44 **member retired on or before December 31, 2017, shall receive an annual increase beginning**  
45 **January 1, 2018. Any member retiring on January 1, 2018, or later shall receive an annual**  
46 **increase; except that, the increase provided in this subsection shall not become effective**  
47 **until the fourth January first following the member's retirement. If the cost of living**  
48 **decreases in a fiscal year, there will be no increase in allowances for retired members on**  
49 **the following January first.**

169.490. 1. All the assets of the retirement system shall be held as one fund.

2 ~~[1-]~~ 2. (1) **For any member hired before January 1, 2018,** the employing board shall  
3 cause to be deducted from the compensation of each member at every payroll period five percent  
4 of his **or her** compensation~~[, and]~~ .

5 (2) **Beginning January 1, 2018, the percentage in subdivision (1) of this subsection**  
6 **shall increase one-half of one percent annually until such time as the percentage equals**  
7 **nine percent.**

8 (3) **For any member hired for the first time on or after January 1, 2018, the**  
9 **employing board shall cause to be deducted from the compensation of each member at**  
10 **every payroll period nine percent of such member's compensation.**

11 (4) The amounts so deducted shall be transferred to the board of trustees and credited  
12 to the individual account of each member from whose compensation the deduction was made.  
13 In determining the amount earnable by a member in any payroll period, the board of trustees may  
14 consider the rate of earnable compensation payable to such member on the first day of the payroll  
15 period as continuing throughout such payroll period; it may omit deduction from compensation  
16 for any period less than a full payroll period if the employee was not a member on the first day  
17 of the payroll period; and to facilitate the making of the deductions, it may modify the deduction  
18 required of any member by such amount as shall not exceed one-tenth of one percent of the  
19 compensation upon the basis of which such deduction was made.

20 ~~[(2)]~~ (5) The deductions provided for herein are declared to be a part of the salary of the  
21 member and the making of such deductions shall constitute payments by the member out of his  
22 **or her** salary or earnings and such deductions shall be made notwithstanding that the minimum  
23 compensation provided by law for any member shall be reduced thereby. Every member shall  
24 be deemed to consent to the deductions made and provided for herein, and shall receipt for his  
25 **or her** full salary or compensation, and the making of said deductions and the payment of salary  
26 or compensation less said deduction shall be a full and complete discharge and acquittance of  
27 all claims and demands whatsoever for services rendered during the period covered by the  
28 payment except as to benefits provided by sections 169.410 to 169.540.

29       ~~[(3)]~~ (6) The employing board may elect to pay member contributions required by this  
30 section as an employer pick up of employee contributions under Section 414(h)(2) of the Internal  
31 Revenue Code of 1986, as amended, and such contributions picked up by the employing board  
32 shall be treated as contributions made by members for all purposes of sections 169.410 to  
33 169.540.

34       ~~[2-]~~ 3. If a retired member receiving a pension pursuant to sections 169.410 to 169.540  
35 is restored to active service and again becomes an active member of the retirement system, there  
36 shall be credited to his **or her** individual account an amount equal to the excess, if any, of his  
37 **or her** accumulated contributions at retirement over the total pension benefits paid to him **or**  
38 **her**.

39       ~~[3-]~~ 4. Annually, the actuary for the retirement system shall calculate each employer's  
40 contribution as an amount equal to a certain percentage of the total compensation of all members  
41 employed by that employer. The percentage shall be fixed on the basis of the liabilities of the  
42 retirement system as shown by the annual actuarial valuation. The annual actuarial valuation  
43 shall be made on the basis of such actuarial assumptions and the actuarial cost method adopted  
44 by the board of trustees, provided that the actuarial cost method adopted shall be in accordance  
45 with generally accepted actuarial standards and that the unfunded actuarial accrued liability, if  
46 any, shall be amortized by level annual payments over a period not to exceed thirty years. **The**  
47 **provisions of this subsection shall expire on December 31, 2017. Thereafter, subsection 5**  
48 **of this section shall apply.**

49       **5. For calendar year 2018, the rate of contribution payable by each employer shall**  
50 **equal sixteen percent of the total compensation of all members employed by that employer.**  
51 **For calendar year 2019, the rate of contribution payable by each employer shall equal**  
52 **fifteen percent of the total compensation of all members employed by that employer. For**  
53 **calendar year 2020, the rate of contribution payable by each employer shall equal fourteen**  
54 **percent of the total compensation of all members employed by that employer. For calendar**  
55 **year 2021, the rate of contribution payable by each employer shall equal thirteen percent**  
56 **of the total compensation of all members employed by that employer. For calendar year**  
57 **2022, the rate of contribution payable by each employer shall equal twelve percent of the**  
58 **total compensation of all members employed by that employer. For calendar year 2023,**  
59 **the rate of contribution payable by each employer shall equal eleven percent of the total**  
60 **compensation of all members employed by that employer. For calendar year 2024, the rate**  
61 **of contribution payable by each employer shall equal ten percent of the total compensation**  
62 **of all members employed by that employer. For calendar year 2025 and subsequent**  
63 **calendar years, the rate of contribution payable by each employer shall equal nine percent**  
64 **of the total compensation of all members employed by that employer.**

65           ~~[4:]~~ 6. The expense and contingency reserve shall be a reserve for investment  
66 contingencies and estimated expenses of administration of the retirement system as determined  
67 annually by the board of trustees.

68           ~~[5:]~~ 7. Gifts, devises, bequests and legacies may be accepted by the board of trustees  
69 to be held and invested as a part of the assets of the retirement system and shall not be separately  
70 accounted for except where specific direction for the use of a gift is made by a donor.

✓